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APPOINTMENT WITH CONTRERAS

The Chilean Connection

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In the early summer of 1976, Col. Manuel Contreras, head of DINA, Chile's secret police, launched an operation to assassinate exiled Chilean leader Orlando Letelier. It has now been learned that within a few days of setting that plot in motion, Contreras made a secret visit to Washington, D.C., where he met with officials of the Central Intelligence Agency and also negotiated the purchase of illegal weapons and electronic spying equipment with a firm run by former C.I.A. officers Edwin Wilson and Frank Terpil.

Wilson and Terpil gained notoriety after a Federal grand jury accused them of exporting terrorist goods and services to Col. Muammar el-Qaddafi of Libya, whose regime is high on the Reagan Administration's enemies list [see Murray Waas's article on page 568]. By 1978, the Federal Bureau of Investigation had established that DINA agents killed Letelier on U.S. territory. That evidence, combined with the newly revealed materials showing that former C.I.A. officials cooperated with other DINA covert operations in the United States, would seem to compromise the Administration's efforts to rehabilitate Chile's military dictatorship as an anti-Communist ally.

The information about DINA's dealings with the Wilson-Terpil firm is based on the accounts of one of those present at the meeting with Contreras in early July 1976, and on sales documents obtained by Federal investigators. This report will examine DINA's purchase of weapons and sophisticated electronic equipment at that meeting in violation of a Congressional ban on such sales to Chile.

The new information can be placed with startling results into the complex framework of evidence already compiled by the F.B.I. in the five-year-old Letelier case, and it helps explain many previously unresolved questions, especially those regarding the C.I.A.'s behavior. Earlier evidence of DINA's operations, supplemented by this new information about the three months preceding Letelier's murder on September 21, 1976, amounts to a compelling case that the C.I.A. was involved in arranging Wilson and Terpil's arms and equipment sales to DINA. Furthermore, involving the agency in the violation of U.S. laws may have made it possible for DINA to "graymail" the C.I.A. into withholding

incriminating information. The evidence in the Letelier case will be

Colonel Contreras was shown by Kevin Mulcahy, who was working for Wilson and Terpil, Mulcahy's account of the meeting by documents drawn

from the Treasury Department's Bureau of Alcohol, Tobacco and Firearms. We were shown invoices and bills of sale drawn up by one of Wilson and Terpil's companies. The purchaser was identified as a DINA front organization based in Santiago, Chile.

At the time of the Contreras-Terpil meeting in Washington, Mulcahy was president of Inter-Technology Inc., an arms trading firm established by Wilson and Terpil. "It was Frank's meeting," Mulcahy recalled, and it took place on a rainy Friday afternoon in early July. Terpil directed Mulcahy and another American, a former Navy intelligence officer who was in charge of Latin American operations for Wilson, to a nondescript two-story residence on the 1700 block of R Street in northwest Washington. "It looked like a typical C.I.A. safe house," Mulcahy said.

There, in a second-floor office, Terpil introduced Mulcahy to two Chileans. One of them was a "heavy-set man in his mid-40s with drooping eyelids and a kind of benevolent look on his face" known as "Manny" Contreras, Mulcahy recalled. Although he was wearing civilian clothes, the DINA chief nevertheless exuded a "clearly military aura." The other Chilean, whose name Mulcahy has forgotten, served as an interpreter. Mulcahy said that Terpil was "deferential" toward Contreras: "I had seen Frank slap heads of state on the back, but with this guy he was downright respectful, and kept his voice down."

Contreras's reputation had obviously preceded him. To both his enemies and fellow intelligence officers Contreras was known as the most efficient and ruthless secret police chief in the Americas. He had, within the space of two years, virtually eliminated political opposition to Chile's military dictator, Gen. Augusto Pinochet.

Mulcahy recalled that after Terpil opened the meeting, "we talked with Contreras about the details of an integrated security system." (Mulcahy described this to us as a variety of devices that might be used to secure an embassy or a like facility.) The system included card readers, pinhole cameras, telephone tapping equipment, digital scanners to monitor telex traffic and other sophisticated electronic gear. Contreras purchased some of this equipment. The purchase orders shown to us by investigators list "transceivers," "wireless inductor earphones" and "micro-mini microphones."

The next item on the agenda was a large quantity of Colt Cobras, which Contreras had expressed interest in buying. The Cobra, a .38-caliber handgun, is used by many police agencies because it is a standardized weapon with inter-

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